

Mortgage Insurance for One- to Four-Family Homes (Section 203(b))

Federal mortgage insurance for purchasing or refinancing a primary residence.

Nature of Program: Homebuyers may obtain FHA-insured mortgages from FHA-approved lenders to purchase new or existing one- to four-family homes (including condominium units) with low down payments or to refinance existing debt on such properties. By insuring commercial lenders against loss, FHA encourages them to invest capital in the home mortgage market. HUD insures loans made by private financial institutions. The loan may finance homes in both urban and rural areas. The maximum mortgage amounts are at least \$271,050 in all areas, with higher limits in areas with higher median house prices up to a maximum of \$729,750 for one-unit homes through December 31, 2013. Higher limits also exist for two- to four-family properties. The loan limits may change annually, based on home price estimates. The limits are benchmarked to the loan limits of the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac. The lender collects from the borrower an up-front mortgage insurance premium payment, which may be financed, at the time of loan closing, as well as annual premiums that are not financed, but included in the regular mortgage payment.

Applicant Eligibility: Any person intending to use the mortgaged property as their primary residence is eligible to apply and be considered for an FHA insured mortgage through FHA-approved lenders.

Legal Authority: Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)). Condominium units were authorized for FHA insurance by the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289). Regulations are at 24 CFR part 203, subpart A.

Administering Office: Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: Administering office and HUD field offices.

On the Web:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/ins/203b--df

To locate a HUD-approved lender on the Web: www.hud.gov/ll/code/llslcrit.html

Condominium program website:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/condo

Current Status: Active.